

Winners Program

51846 7992

W I N N E R S

o TEAMWORK BONUS - \$1.50 per case

This is to be positioned as an added incentive for accounts to maximize their participation in the Financial and Promotion/Distribution criteria of Winners and also, to form a closer partnership between RJR and our distributors.

o BONUS QUALIFICATIONS

1. The account must fully participate in the Financial and Promotion/Distribution to earn:

Financial - \$2.50 per case

Promotion/Distribution - \$2.00 per case

Total \$4.50 per case

2. Provide RJR a fair opportunity to meet competitive programs offered by other cigarette manufacturers to the account or its customers.
3. Provide RJR products an opportunity for distribution to the accounts customers that is equivalent to the opportunity provided to competing products.
4. Promote and encourage the sale and distribution of RJR products at least to the same extent the account promotes competing products.

Guidelines For Administering Bonus Payment Determination

- If you determine before you make your initial presentation, or during the second half, that you want to notify an account that it is in danger of losing the Bonus (Only applies to bonus qualification points 2, 3, and 4 above), this should first be coordinated with Fred Baumann at extension 7149. We will need to know the specifics as to how the account is failing to meet requirements and the type of information being relied upon to demonstrate or document the short-coming. We will help prepare written notification to the account (No contact to Winston-Salem is required relative to accounts non-participation in Promotion/Distribution criteria).
- If account is not adhering to any of the guidelines set forth for achieving the bonus (Financial excluded) the account must have sufficient and timely notice and an opportunity to correct the problem. We do not want to disqualify an account for the Bonus when the only notice it had of a short-coming was when the program period ends.

51846 7993

- Consistency in the way the Bonus program is administered is important. If a particular activity can disqualify one account, it should disqualify all.
- We expect that distributors participating in Winners will give our products fair opportunity in the market and an equal chance to achieve distribution. A distributor that prices our products above comparable competitive products by marking up our products above the distributor's normal margins may be depriving us of the fair and equal opportunity we seek. Of course, a distributor's resale pricing is a sensitive subject. We do not dictate resale prices to our accounts and we do not have agreements or understandings with our accounts as to their resale price levels. If you believe that now, or at some point in the future, an account's margin practices on any of our products are depriving us of a fair and equal opportunity to compete with other manufacturers' cigarettes, you should advise Fred Baumann of your belief. Do not discuss this sensitive subject with the account under any circumstances.
- The requirements for the Bonus are not intended to limit an account's ability to participate in another manufacturer's programs. The focus is on the account giving RJR equal opportunity and fair treatment.
- A new entry field will be placed on the Winners Maintenance screen later this year. You will be sent a letter outlining how to enter Bonus qualification.
- If you enter an account qualified for the Bonus and the Promotion/Distribution, the final determination for Bonus payment will be made in Winston-Salem relative to the account achieving the \$2.50 Financial qualification.
- The bonus determination and payment will be made by individual ship-to locations if the paying office has achieved the \$2.50 Financial payment. If the paying office did not achieve the \$2.50 Financial and the \$2.00 Promotion/Distribution payment, no bonus will be paid.

o **PROMOTION/DISTRIBUTION PERFORMANCE CRITERIA**

- No changes for the second half of 1992.
- Be sure to use the criteria needed to drive business in your marketplace (i.e., #1 - For Forsyth Tobacco Products Distribution, #10 - Retail Sales figures, etc.)

51846 7994

o DISTRIBUTOR ASSIST PROGRAM

This is totally separate from Winners, but may be offered to accounts to enhance their earnings.

Telemarketing (Display Drive Program)

This existing program has been enhanced and redefined. Our initial Telemarketing Program has become a Display Drive Program to incent our distributors to help us gain penetration in Retail Accounts where we have little or no contact frequency, (i.e., C13, D52).

- The account can earn this additional payment by:
 - Assembly of premiums to product.
 - Sales contact.
 - Display delivery/placement.
- This can be done by the account using direct sales retail contact, telemarketing, etc., to sell and deliver displays to retail customers.

Program Display Payment

- Only full price category brand styles may be offered under this program.
- \$12.00 per 40-pack display (\$180.00/12M case) 15 displays/case
- Premiums must be used with this display. Do not use only product or product with VPR's, buy-downs, or coupons with this program.
- The account may utilize our display payment as they choose (i.e., off-set labor for packing, retail pass-through, sales person incentive, etc).
- This payment amount is all inclusive of the Display Drive Program.

*NY / 124 display
NJ / 124 display
Must have
list of
Accounts
for payment*

Procedures

- Division management will identify C13 and D52 retail calls the account services using SIS and the account's customer lists.
- Direct Account will be paid for Only One display placement per retail location each promotion period; which is once every two months (Three promotion periods during second half 1992).
- Only low value premium items should be used (i.e., lighters, cards, caps, etc.).

51846 7995

- There will be no incremental premium allocation available during the second half of 1992 (surplus or available items are to be used).
- Upon verification, display payment will be made via T.P.S. against the newly created type/rate (See Exhibit IV).
- It is recommended that this program be kept simple; using only full price, high opportunity brands, i.e., Winston, Salem, Vantage, and Camel with limited styles offered.
- Your Regional Manager will discuss the budget available for this program.

Promotions:

This was formerly our Value Added Program and continues to enlist the account to assemble and deliver promotion displays to designated retail outlets that we contact with frequency, i.e., K, A, B, C04.

- Key Points
- Standardized payment schedule will be instituted nationally for direct account assembly of premium items, coupons, or, BSGSF to live product.

Payment per 12M Case

- Pks w/premium/BSGSF	\$28.00
- Ctns w/premium	\$15.00
- Ctns w/coupon	\$10.00
- B1G1F	\$ 9.00

} TOTAL
"US"
NO EXCEPTIONS

- Payments will be made in addition to Winners.
- All case payments will continue to be made via T.P.S. (See Exhibit IV). You must strive to not deviate from the new standardized rates.
- A "Variable Amount" capability will be available on T.P.S. for special circumstances that may exist relating to high labor costs in a particular area. Any per case payment exceptions must be approved by your Regional Manager.
- Your Regional Manager will discuss the budget available for this program.

51846 7996

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NASA WINNERS CRITERIA								
		# Accounts using selected criteria						
Criteria #	Description	Bos	NJ	Phil	NY	Hart	NASA	%
1	Gain retail distribution of designated RJR brands	13	7	34	15	47	116	49%
2	Pickup and return damaged &/or out of date RJR product	27	20	21	6	26	100	42%
3	Have procedures to deliver RJR requested pre-books	6	28	48	4	20	106	45%
4	Participate in RJR annual vending placement pmt contract & accept all pack promotions	0	3	6	1	1	11	5%
5	Report qtrly vending placement to Tru Check	0	2	6	0	1	9	4%
6	Brands in Vending machine approved by RJR and non-paid vending pos is RJR	1	2	6	0	3	12	5%
7	Accept 8 pack promos and place in area where packs are available for retail consumer purchase	7	1	1	16	7	32	14%
8	Accept 4 carton promotes	7	0	1	4	5	17	7%
9	Deliver premium items w/cig. product &/or de BSGSF to retail stores	31	44	29	15	40	159	67%
10	Provide sales figures to RJR	20	11	1	1	10	43	18%
11	Assist RJR to solve problems	23	29	15	16	12	95	40%
# Accounts participating		45	49	58	28	58	236	

51846 7997